

Games Velocity Program

V1 Business Impact Assessment. V2 Introduction
December 2020

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EXHIBIT 384.R

EXHIBIT 384.R-001

Contents

- **Games Velocity Program (GVP) Refresher**
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 - Goal 3: Improve Developer Sentiment
- **GVP 1.0 x-Google Financial Assessment**
- **GVP 2.0 introduction**

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- 2: x-Google value?

EXHIBIT 384.R-002

Games Velocity Program Refresher

[Refresher] GVP 1.0 Context: In 2019, Google Play's growth and business model faced risk due to increasing competitive intensity & the emerging app store "tax" meme

Competitors Aggressively Pursuing Gaming



"App Store Tax" Meme Emerging

Apple and Google Face Growing Revolt Over App Store 'Tax'

Opinion: Google's 30% cut of Play Store app sales is nothing short of highway robbery

Risk: Top Developer Churn from Play

- Play margin loss: \$840M likely margin exposure in 2022 (cumulative ~\$2 Bn+ in 2019-2022)

Opportunity: Deepen relationships with top developers and grow cross-Google product adoption

[Refresher] GVP 1.0 Proposal: We developed 'Games Velocity Program', a commercial program to unify & boost Google's value proposition to target developers

Cross-Google Service Packs + Partner Pods



Build & Test

- GCP credits
- Technical consultations

Launch

- Play 'Growth Consulting'
- Co-marketing campaigns
- Play Store featuring
- YT influencers

User Acquisition

- Ads credits
- Ads consultations & ML integration

Community Development

- eSports tournaments & gaming events
- YT channel growth
- eSports sponsorships

x-PA Partner Pod

Google Gives

- x-PA service pack support, including associated funding and services

Google Gets (contractual)

- **Title distribution on Play (titles must sim-ship on Play at launch)**
- **Content & feature parity on Play**

[Refresher] GVP 1.0 Target Developers: GVP targeted 21 major game developers

AAA PC / Console (6 developers)



Concentrated 'Mobile Majors' (7 developers)



Strategic 'Mobile Majors' (8 developers)



NIANTIC

[Full Partner List](#)

Drive disproportionate value to Google
(e.g. ~20% of total Play consumer spend)

Beacons of the ecosystem

Expressed discontent over lack of unified support from Google

May forgo Play (& Android)

- Upcoming major new title launch
- Difficulty delivering hi-fidelity games on Android
- Capabilities to 'go-it-alone' on Android

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[Refresher] GVP 1.0 Goals, Non-Goals & Success Metrics

Desired Developer Objectives

Goal 1: Prioritize Play Users



Ensure Play users are not disadvantaged

- Launch on Play on “day 1” of mobile launch
- Co-invest in promoting Play title
- Improve game quality and device reach
- Maintain game parity across platforms

Goal 2: Boost x-PA Product Adoption



Unlock xPA value for partners & Google

- **GCP:** win-rate acceleration; ARR increase, marquee titles on GCP
- **YouTube:** mobile gaming watchtime uplift, Mobile gaming upload + creator uplift
- **Ads:** UAC growth acceleration; best practice adoption

Goal 3: Improve Developer Sentiment

Non Goals: Play exclusivity, drive additional xPA integrations (eg: Stadia), xPA spend commitments

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GVP 1.0 Impact Assessment

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Impact Summary: GVP 1.0 is meeting objectives

1) Prioritize Play

- 20 of 21 target devs signed (20% of Play spend)
- 100% of titles simshipped on Play (184 titles)
- \$1.8B Play margin loss risk mitigated (2019-2022); \$390M (2019-2020)
- NCSoft + Dynasty

2) Boost x-PA Product Adoption

- Incremental adoption and usage across GCP, Ads, + YouTube
- \$705M Ads+Cloud margin uplift (2019-2024) ; \$80m (2019-2020)
- \$331M in *incremental* GCP revenue commits [[detail](#)]

3) Improve Sentiment

- Signed developers haven't escalated about rev share to date (12 devs asked pre signing-GVP; 0 post*)
- Developers leaning into Play & Google partnership beyond GVP

2019

2020

2021

2022

GVP Approved &
Launched

Program Rollout

Today

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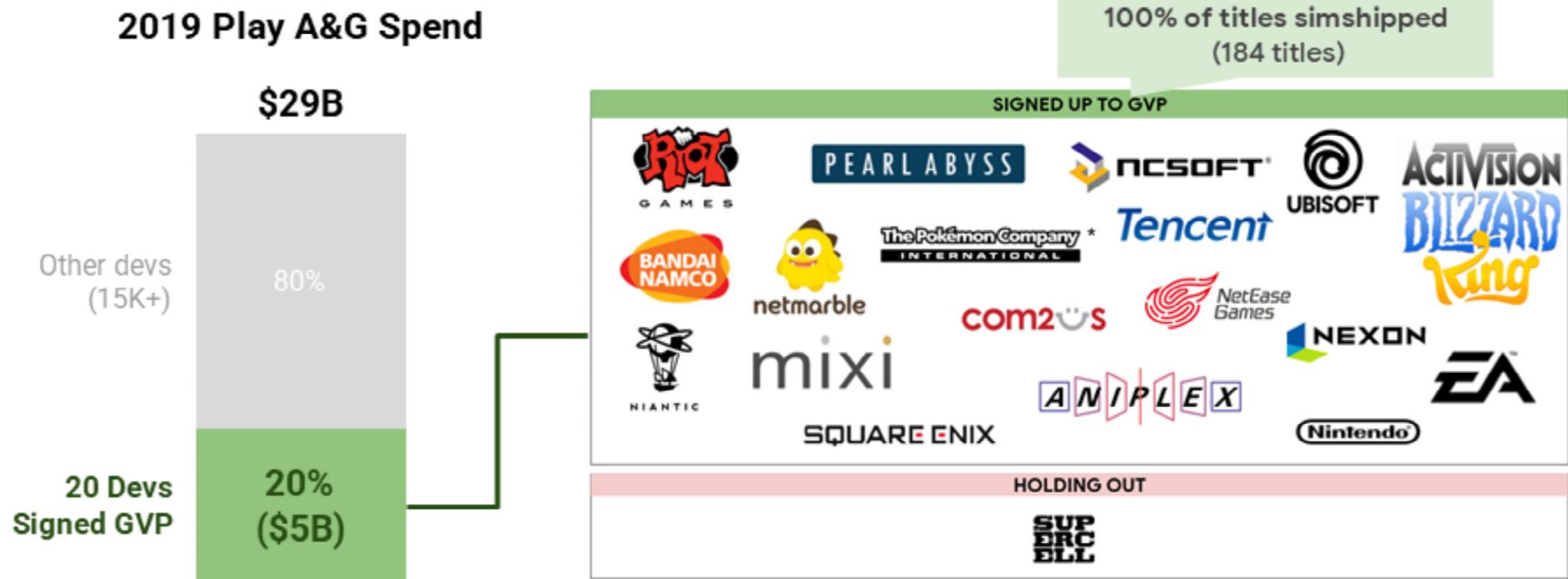
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- product commits? Better than expected?
- [Link](#) to source

EXHIBIT 384.R-009

GOAL 1: Prioritize Play Users

18 (of 21 target) devs representing 18% of total Play spend signed GVP, and are prioritizing Play users via sim-ship and parity on Play. 2 actively redlining.



*Pokemon Co. is signing up to GVP obligations on a title by title basis due to their publisher led business model

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Developers are realizing value across PAs & beating BC estimates



BC Success Metrics		@ BC	Actual
ARR acceleration		19% (by 2024)	39% (by 2024)
Win-Rate acceleration		140%	220%
Marquee titles on GCP		N/A	9



		@ BC	Actual
UAC yoy growth rate acceleration		11%	+20-30% Incremental
SVA / Best Practice adoption		N/A	Low Adoption



		@ BC	Actual
Mobile game watchtime, as % of total gaming watchtime		10% (by 2022)	12.6% (2020)
Mobile game creator/upload uplift		N/A	+153% / +204%

Other Metrics

3-4 Yr Incremental Spend Commits	+\$331M
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Share of Wallet	+30%
ROI	-10%

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- Cloud Deals:
 - ABK: \$230M, 4-yr (\$221M incremental) - Titles: CONFIDENTIAL - COD,
 - Niantic: \$100M, 3-yr (\$40M incremental) Titles: 3
 - [REDACTED]
 - Not closed - Pearl Abyss: \$23M, 3-yr Titles:
 - Riot: \$20M, 3-yr (+\$20 incremental)
 - Netmarble: \$18M, 3-yr (0 incremental commit but growing 426% YoY)
 - NetEase: \$15M, 3-yr (+\$14M incremental)
 - TOTAL: \$428M. Incremental: \$331M

EXHIBIT 384.R-011

GOOG-PLAY-004146699.R

- Cloud KPI Definitions:
- -ARR acceleration: Defined as average YoY growth between BC 5-year total: \$242M, HUG BC 5-year total: \$581.5M and HUG new projected 5-year total: \$1.2B.
- -Win-rate acceleration: Defined as conversion percentage increase from BC %. BC conversion was 25% w/o HUG and 60% with HUG (.6/.25-1) = 140%. Already signed 12 out of 18 developers so 67% conversion. Estimating conservatively at 80% through program duration. (.8/.25-1) = 220%.
- -Marquee titles on GCP: Defined as number of marquee titles on GCP from signed developers. 9 titles include"
- >>Netmarble: Lineage 2 Revolution, BTS world migrating from AWS
- >>Mixi: Monster Strike - Expected to 13x spending
- >>Pearl Abyss - Black Desert Mobile - new customer
- >>Com2US - Monster Warlord, Dragon Blaze, TALION and new title
- >>Aniplex - Fate Grand Order - Expected to 40x spending

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GOAL 3: Improve Developer Sentiment

Reminder: pre-GVP, several GVP devs expressed concern towards their partnership with Play & Google



HOLDING OUT



Pre-GVP: Considered own distribution and/or payments platforms

Pre-GVP: Agitated or inquired about revenue share

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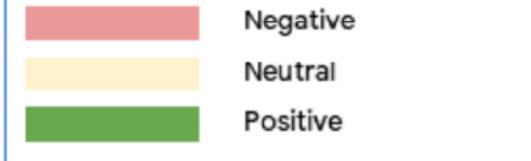
GOAL 3: Improve Developer Sentiment

Post GVP, qualitative assessment of partner sentiment by BDMs

	Pre Hug			Post Hug		
	Rev share pressure	xGoogle adoption	Partnership with Play	Rev share pressure	xGoogle adoption	Partnership with Play
North America	Activision Publishing, Inc.	Negative	Neutral	Neutral	Neutral	Neutral
	Blizzard Entertainment, Inc.	Negative	Positive	Neutral	Positive	Neutral
	King	Negative	Positive	Neutral	Positive	Neutral
	Riot Games, Inc	Negative	Neutral	Neutral	Positive	Neutral
	Supercell	Negative	Neutral	Negative	Negative	Neutral
	Niantic, Inc.	Negative	Neutral	Neutral	Neutral	Neutral
	Electronic Arts Inc	Neutral	Neutral	Neutral	Neutral	Neutral
	Ubisoft Entertainment	Neutral	Neutral	Neutral	Neutral	Neutral
G+C/N	Tencent Mobile International Ltd.	Negative	Neutral	Neutral	Neutral	Neutral
	NetEase Games	Neutral	Neutral	Neutral	Positive	Neutral
Japan	SQUARE ENIX Co.,Ltd.	Neutral	Neutral	Neutral	Neutral	Neutral
	BANDAI NAMCO Entertainment Inc.	Negative	Positive	Neutral	Positive	Positive
	mixi, Inc.	Neutral	Neutral	Neutral	Neutral	Neutral
	Aniplex Inc.	Neutral	Negative	Neutral	Neutral	Neutral
	The Pokemon Company	Neutral	Negative	Neutral	Negative	Neutral
Korea	NCSOFT Corporation	Negative	Neutral	Neutral	Neutral	Neutral
	Netmarble	Neutral	Positive	Neutral	Positive	Positive
	Com2us	Neutral	Neutral	Neutral	Neutral	Neutral
	NEXON Company	Negative	Neutral	Neutral	Neutral	Neutral
	PEARL ABYSS	Neutral	Neutral	Neutral	Positive	Neutral

Qualitative assessment by BDMs

- Outside of Supercell, who is singularly focused on rev share reduction, conversations with other partners has materially shifted from rev share to xGoogle opportunities.
- Some concern remains, given broader ecosystem-level agitation around app store business models.
- Significant uplift in xGoogle investment



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GOAL 3: Improve Developer Sentiment

Beyond GVP - Quantitative assessment of partnership health* by xPA Finance teams

	2020 Growth					Comments
	Play Spend	GCP Spend	UAC Spend	YouTube watchtime	Google Revenue Growth	
Riot Games, Inc	100%	125%	13183%	34%	13276%	Public appreciation about partnership with Play
NEXON Company	108%	38%	27%	42%	91%	
Tencent Games	56%	842%	90%	114%	61%	Launched Battle Pass subs exclusively on Play
ABK	29%	245%	141%	59%	58%	
NCSOFT	54%	-39%	-2%	21%	54%	Strategic partnership with Dynasty
Ubisoft Entertainment	49%	31%	63%	28%	51%	CEO expressed excitement about expanding xGoogle partnership via GVP
Niantic, Inc.	38%	13%	211%	83%	38%	Multiple exec quotes on strength of GVP partnership
SQUARE ENIX Co.,Ltd.	24%	314%	24%	375%	30%	Signing in Q4 2020
Com2uS	5%	22722%	181%	14%	24%	
Netmarble	8%	224%	97%	-22%	20%	
<hr/>						
Electronic Arts Inc	8%	34%	205%	21%	13%	Extending GVP deal by +2 years to lean into GCP
mixi, Inc.	4%	887%	-17%	-3%	10%	Reinvested GVP incentives to return to Play growth
NetEase Games	10%	54%	8%	-31%	10%	Changed launch processes to support GVP partnership
BANDAI NAMCO Entertainment In	-4%	4%	7%	29%	-4%	
Aniplex Inc.	-10%	3021%	107%	42%	-4%	Stepped up exec relationships with Google
The Pokemon Company	-18%	0%	100%	21%	-18%	
PEARL ABYSS	-28%	5410%	-50%	93%	-26%	
TOTAL	23%	75%	85%	37%	32%	


 <0% 0%-10% 10%-50% 50%-100% >100%

* xPA Finance assessment of developer investment with Google; not entirely attributable to GVP, but supported by GVP

GVP 1.0 xGoogle financial impact

Google-wide ROI shows positive contribution of \$1.2B

		2019	2020	2021	2022	2019-2022
	Play Risk Mitigation	\$95 M	\$294 M	\$588 M	\$803 M	\$1,781 M
Margin from Inc. Revenue	Ads	\$3 M	\$56 M	\$86 M	\$72 M	\$217 M
	Cloud	\$0 M	\$23 M	\$76 M	\$96 M	\$194 M
	Attributable Margin	\$99 M	\$373 M	\$750 M	\$971 M	\$2,192 M
Cost to Serve GVP Credits	Ads	-\$8 M	-\$87 M	-\$93 M	-\$43 M	-\$231 M
	Cloud	\$0 M	-\$11 M	-\$27 M	-\$33 M	-\$70 M
	Marketing	-\$35 M	-\$82 M	\$0 M	\$0 M	-\$116 M
	YT- esports + ABK	-\$8 M	-\$161 M	-\$40 M	-\$9 M	-\$218 M
	Forecasted	\$0 M	\$0 M	-\$155 M	-\$204 M	-\$359 M
	Total Cost to Serve	-\$50 M	-\$340 M	-\$316 M	-\$288 M	-\$994 M
	Margin Net of Cost	\$49 M	\$32 M	\$435 M	\$682 M	\$1,198 M
	ROI	+97%	+10%	+138%	+237%	+120%

Call outs:
Ads

- While Ads margin is -ve, incrementality from GVP surpasses BC expectations

Cloud

- \$331M of incr. rev (from large commits) and high adoption make GCP credits margin +ve for GVP

YouTube

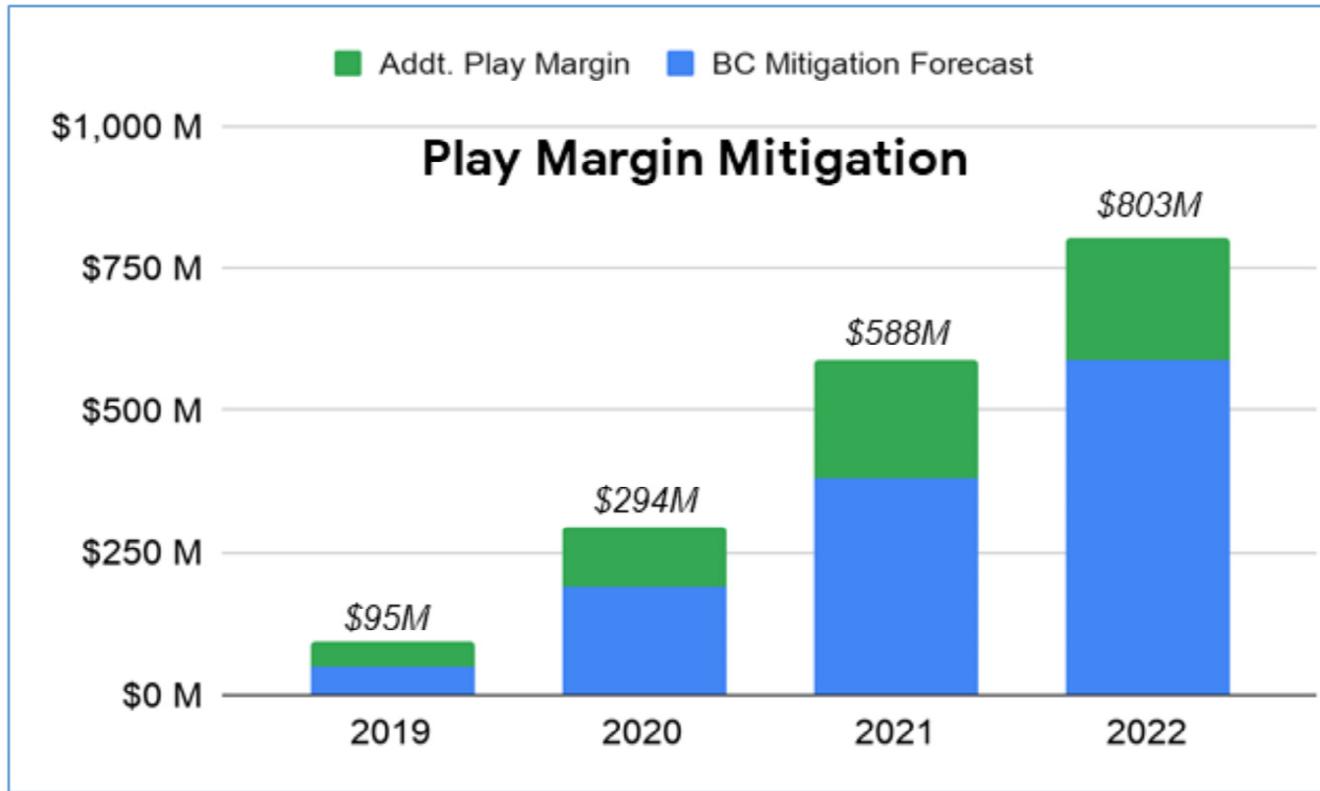
- YT costs are front-end weighted, with \$110M of ABK's \$160M package hitting 2020

**Assumes GVP at 5% reinvestment continues beyond 2020

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EXHIBIT 384.R-017

As a result, GVP has been effective at mitigating margin loss risk from off-Play distribution



Better than expected risk mitigation with GVP investments improving sentiment towards Play

Developers prioritized Play users while launching new titles

Developers maintained feature and content parity for titles across platforms

1) Benchmarked operating metrics through July 2020 against risk milestones for FY2022

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- Mitigation driven by (1) signed developer spend under sim-ship contract, (2) other stores and (3) other devs (halo effect)
- For more information on methodology of calculation, see [here](#)

EXHIBIT 384.R-018

GVP 1.0 is ROI positive even without \$1.8B Play risk mitigation; outsized ABK investments diluted overall returns. 7/18 deals are positive, 3 more likely to be.

(All numbers in \$ millions)	Based on deals approved/closed as of 06/20					
	Ads margin uplift	Cloud Margin uplift ^{2,3}	Play Margin Uplift		Incremental Google Margin	Potential GCP commits
Developer	2019-2023	2019-2024	2019-2022	2019-2020	2019-2024	H2'2020+
ABK	\$140	\$192			-\$22	
Niantic, Inc.	\$7	\$77			\$73	\$80
Netmarble	\$18	\$35			\$27	In progress
	Not offered UAC credits	\$38			\$22	
Aniplex Inc.	\$1	\$31			\$21	
Pearl Abyss	\$2	\$15			\$12	
Com2uS	Not offered UAC credits	\$14			\$7	
mixi, Inc.		\$16			\$2	
Riot Games, Inc	\$12	\$18	Play margin mitigation	Uplift from Comarketing	-\$1	
Electronic Arts Inc		\$4			-\$1	\$14
The Pokemon Company	Not offered GCP credits				-\$1	
Ubisoft Entertainment	Not offered UAC credits	\$3			-\$2	
Netease games		\$10			-\$7	\$15
NEXON Company		\$0			-\$8	In progress
BANDAI NAMCO Enterta	\$7	\$2			-\$11	
Tencent Games	\$38	\$27			-\$17	
NCSOFT	\$0	\$0			-\$20	\$75
SQUARE ENIX Co.,Ltd.			Not yet signed GVP			
Supercell			Unlikely to sign GVP			
Total	\$225	\$480			\$143	\$184

1 Ads has attributed GVP margin upside for the duration of the credits (2020 for most devs, 3 years for ABK, Tencent) @15% of UAC margin uplift in 2019, and 30% thereafter

2 GCP has attributed GVP margin upside until 2024, due to commits secured via GVP, as well as long term nature of GCP partnerships

3 GCP upside does not yet include Play revenue deferrals to Cloud of ~\$400M towards Cloud credits. Cloud PA would recognize this revenue upon credit utilization by developer

4 GVP will mitigate Play margin risk worth \$1.8B by 2022

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Program ROI positive even without \$1.8B Play risk mitigation

Comarketing investments of ~\$139M (over 2019-2024) expected to recoup 65% of invested value

NCSoft, EA, Netease expected to sign incremental GCP commits (~\$100M) and turn ROI +ve

\$160m esports investment with ABK adversely impacted ABK and program ROI

EXHIBIT 384.R-019

GVP 2.0 Introduction

GVP 2.0: Build on GVP 1.0 success, address gaps & focus on joint growth

Continue to address Play risk, including new payments risk	Continue to create net new xGoogle value	Continue to improve sentiment
<ul style="list-style-type: none"> ● Keep leveraging GVP to address continuing top developer concerns ● Evolve GVP goals beyond simship to also focus on joint growth, as risk evolves from off-Play distribution to payments 	<ul style="list-style-type: none"> ● Double down on GCP credits ● Address ROI gap in Ads offer ● Leverage investment in Play Points, Promos ● Drive joint growth by aligning incentives with growth targets ● Support Android/Play platform growth by including product integration requirements ● Bolster consults, Play-YT engagement, features 	<ul style="list-style-type: none"> ● Expand from 1-year to multi-year deals to deepen partnership ● Grossly simplify operations
<p>Continue to address current & emerging risks while creating incremental xGoogle value; be prepared for public disclosure</p>		

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- product commits? Better than expected?
- [Link](#) to source

EXHIBIT 384.R-021

GVP 2.0 Dev selection - An “enterprise deals program” for game developers who matter most to our users based on consumer spend and growth

Qualifying Criteria & Developers

New to Play PC/Console Devs

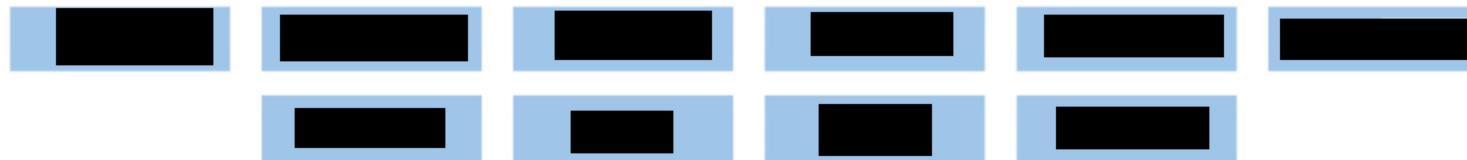
AAA developers with IPs having lifetime sales of >\$1B

On Play “enterprise” Developers

Lifetime Spend of >\$1B
+
20% growth YoY

Lifetime Spend of >\$500M
+
100% growth YoY

No major policy violations



DRAFT

GVP2.0 framework: Refine GVP 1.0 service packs; simplify operations; bolster consults, YT-Play engagement/features

Service Pack	Developer Sentiment impact from GVP			ROI from Commercial Offers	Comments
	Commercial Offers	Consulting Offers*	Operational Delivery		
Build & Test	Green	Yellow	Red	Green	Highest quantum of all commercial offers & ROI Service pack working well; simplify operations; bolster DevRel Consults with Tech Consults
Launch	Green	Green	Yellow	Red	Custom campaigns ROI +ve; DMF is -ve Evolve to "Lite" custom campaigns, OEM/carrier programs to support Android strategic objectives
UA	Green	Red	Red	Yellow	Neutral / -ve ROI; high operational overhead Shifting to AIP based model to improve ROI and simplify operations. Include Points & Play Promos
Community	Light Green	Green	White	White	Long consultation cycles; lack of ROI attribution Focus YT incentives to top content drivers; double down on esports and YT product integrations
Build & Test: GCP credits, GCP consultations, DevRel Consultations	Launch: Play featuring, G. Consulting, Comarketing, YouTube influencers		User Acquisition: UAC credits, Ads SVAs	Community Dev.: YouTube Channel growth, esports sponsorships & events	

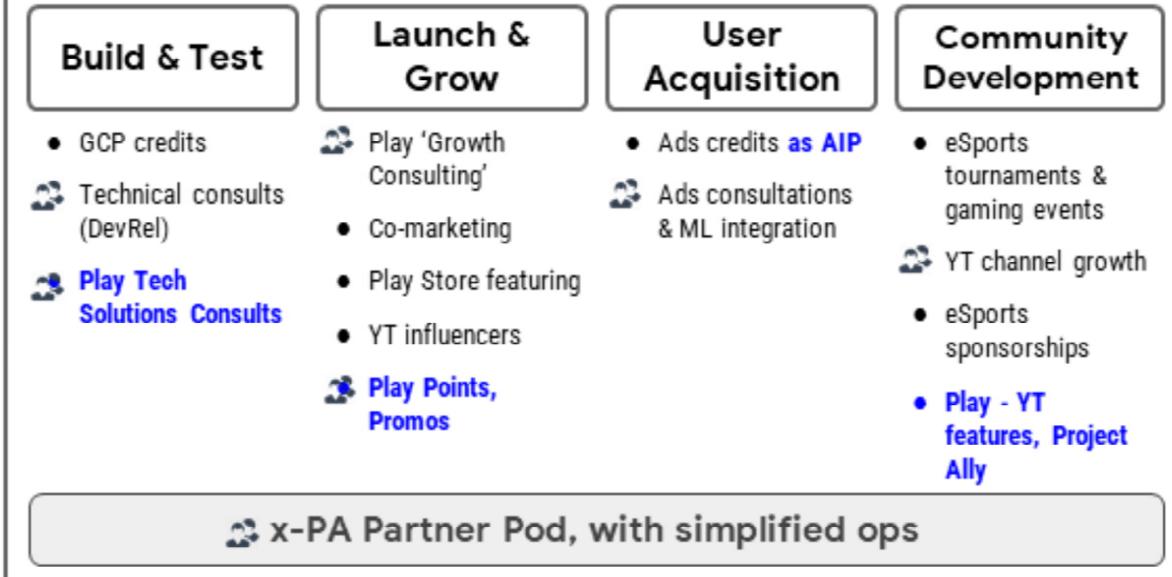
* Play featuring and PCO support has been included as part of Launch Consulting offers

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EXHIBIT 384.R-023

GVP 2.0 Proposal: Builds on GVP 1.0 and extends term to three years to deepen partnership with devs that matter most to our users.

Cross-Google Service Packs + Partner Pods



Google Gives

- Distribution support (store featuring)
- GCP Credits & Consults
- UAC Credits **in form of AIP**
- Play business & **tech consultations**
- **Play Promos, Points, Play-YT features**
- **Comarketing (Lite custom campaigns & OEM/carrier bundles)**

Google Gets (contractual)

- Sim-ship on Play at launch
- Content & feature parity on Play
- **SKU Parity, Price Parity (if needed)**
- **Invest in Google's strategic products (eg, Battlestar)**
- **Public support for Google partnership**

Blue items are new

EXHIBIT 384.R-024

GVP 2021: \$270M Play margin investment to extend 1.0¹ and start 2.0.

Eligibility criteria	Hug 2.0 Target Devs	LTM spend	% of Total A&G LTM Spend	YoY growth	~ Annual Investment	2021 Impact (~75% of annual investment)
Dev with >\$1B AAA IP						
Dev with >\$1B lifetime Spend on Play						
Growing at 20%+						
Dev with \$500m lifetime spend						
Growing at 100%+						
Hug 2.0 reinvestment @ ~ 4% of spend						
Hug 1.0 partial refresh @ ~ 2% of spend						
Total Hug 2.0 + Hug 1.0 refresh				360 M	270 M	

Note: 2021 impact estimated at ~\$82M assuming Hug 1.0 refreshes will be operational in/after Q2'20

GVP 2021 investments & xPA support

- \$82M to extend commercial incentives for up to 15 GVP 1.0 devs @ ~ 2%² of respective spend tied to spend growth targets
- \$188M to 11 new developers to GVP 2.0, @ ~4% of respective spend tied to spend growth targets
- Corp Finance has been briefed that Play would request additional budget for GVP
- 9 of the 11 GVP 2.0 developers offer potential for GCP upside. Finance teams are computing Google opportunity
- GCP and Ads teams are largely on board, concerns remain about xPA accounting implications and relevance of GVP vs. Play business model change.

1 ABK, Tencent

2 GVP 1.0 devs are already getting 2% of Play spend as GCP credits for 3 years

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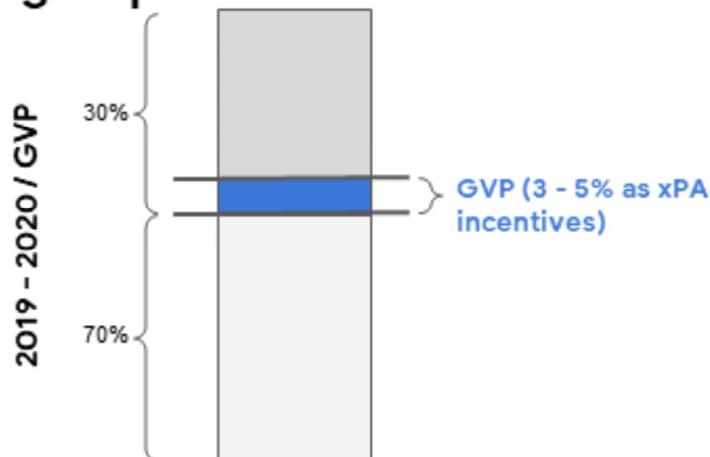
- [Source](#)

EXHIBIT 384.R-025

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GVP & Runway

GVP delivered +ve Google margin while addressing dev sentiment; if Runway addresses commercial concerns, could a limited but complimentary GVP drive xGoogle upside?

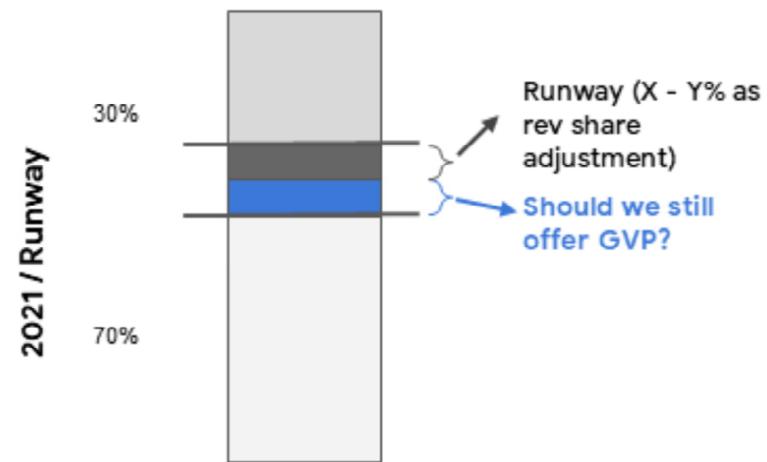


GVP offered at 3-5% & met the following 3 objectives:

Improve Sentiment; decrease rev share agitation

Prioritize Play; devs launch on Play along with other platforms

Increase xPA Adoption; xPA incentives to grow Google footprint; \$129m incremental Google margin against investment of \$631m



Runway may address 2/3 objectives:

Improve Sentiment: Addressed via reduced rev share

Prioritize Play: Runway may help address off Play monetization; however, without GVP we lose our ability to guarantee simship

Increase xPA Adoption: Without GVP, we lose our ability to create any "net new" Google upside and reduce Program cost

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EXHIBIT 384.R-027

A limited GVP should anchor towards Google uplift; lead with tactics driving maximum ROI - double down on GCP, integrate Play Loyalty, ask for strategic product adoption

GVP tactic	Impact on ROI	Continue?	Comments
Ads	Neutral	Yellow	Program pivoting to AIP, however, expected to remain ROI neutral
Cloud	Positive	Green	Conditional to new / incremental GCP commit
Play*	Expected Positive (NPU, Buyer Retention, Product adoption)	Green	Offer Play investments linked to Play objectives, e.g., Loyalty, Strategic product adoption
YouTube	Presence Grants: Unknown esports rights: Negative	Red	YouTube helpful in improving developer sentiment, but is largely ROI negative
Marketing	Custom campaigns: positive Others: negative	Red	Unlink comarketing from GVP; continue supporting tentpole launches

* Play did not have a commercial tactic in GVP. We are evaluating adding commercial tactics as part of GVP 2.0 ATTORNEY CLIENT PRIVILEGED

EXHIBIT 384.R-028

Evolve GVP as a Play+Cloud incentive program for top game developers; eligibility criteria expand beyond Play metrics to also address Cloud opportunity

“New” GVP = Play + Cloud enterprise developer program

Google Gives

GCP

- X%* of Play spend reinvested as GCP credits

Play:

- Loyalty, Play growth investments
- Strategic consulting - growth, tech consulting
- Merch support for title launches
- Early access to strategic products

Google Gets

GCP:

- Existing GCP customers:
 - New / incremental GCP commit
- New GCP customers:
 - New GCP commit

Play:

- Simship, parity
- Strategic product adoption

Eligibility criteria: expand GVP criteria beyond Play metrics to include qualifiers for GCP opportunity

* X to vary by developer based on what may drive best Google returns

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EXHIBIT 384.R-029

Question: If GVP pivots to primarily driving Google margin upside, could it part-fund Runway in a world where they co-exist?

	Runway	GVP	GVP (in conjunction w/Runway)
Program Description	Reduced service fee for tenured buyers	xPA incentives to deepen to xGoogle partnerships with game devs	xPA incentives w/ GCP + Play for large devs who sign up to Runway
Eligibility	Open to all, subject to opt-in	Lifetime spend + growth	a. Opted-in to Runway b. Lifetime Play spend c. GCP opportunity
Google Gives / Costs	Service fee adjustment for tenured buyers leading to X-Y% 'effective' net service fee reduction	3%-5% in xPA incentives	Service fee adjustment for tenured buyers leading to X-Y% 'effective' net service fee reduction A% - B% in xPA incentives (GVP)
Google Gets	?	Simship Content + Feature + SKU/Price parity	Simship Content + Feature + SKU/Price parity GCP commitment deal Strategic product adoption (eg B*)
Impact on Objectives	Mitigate Play payments risk Improve dev sentiment on service fee	Prioritize Play (simship + parity) Improve dev sentiment on service fee xPA adoption	Prioritize Play (simship + parity) Mitigate Off Play payments Improve sentiment on service fee xPA adoption; Google upside to reduce Runway hit

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EXHIBIT 384.R-030

Question: What should our immediate focus for 02/11 BC be, given fluidity on Runway?
Proposal: address the most pressing developers, until our large dev strategy is defined

	Option 1	Option 2	Option 3 (R)
Pros	Evaluate GVP 2.0 after Runway creates an approach for large devs Consistent approach Highest investment ROI	Seek BC approval for GVP 2.0; assume temporary Runway overlap Address Play business risks Faster xGoogle upside with 2.0 devs Address 1.0 devs expecting refreshes	Interim BC approvals for Garena*, select 1.0 refreshes Sign up dev presenting biggest Play payments risk; also helps sign time sensitive GCP deal Address developers asking for refreshed investments in 2021
Cons	Delays xGoogle uplift 1.0 developers continue to expect year 2 refreshes Time sensitive GCP deals awaiting GVP 2.0 get further delayed	Potentially overlapping GVP & Runway investments Some GVP deals may need to be terminated soon after signing (once Runway is activated)	Cannot sign many devs up to SKU parity, but Payments risks may be addressed eventually with Runway Cannot sign other 2.0 devs to GVP, but address the developer posing largest Payments risk

* Qualifies criteria for GVP 1.0

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EXHIBIT 384.R-031

Appendix

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EXHIBIT 384.R-032

GVP 2.0: Build on GVP 1.0 success, address gaps & focus on joint growth

Continue to address Play risk, including new payments risk	Continue to create net new xGoogle value	Continue to improve sentiment
<ul style="list-style-type: none"> ● Keep leveraging GVP to address continuing top developer concerns ● Evolve GVP goals beyond simship to also focus on joint growth, as risk evolves from off-Play distribution to payments 	<ul style="list-style-type: none"> ● Double down on GCP credits ● Address ROI gap in Ads offer ● Leverage investment in Play Points, Promos ● Drive joint growth by aligning incentives with growth targets ● Support Android/Play platform growth by including product integration requirements ● Bolster consults, Play-YT engagement, features 	<ul style="list-style-type: none"> ● Expand from 1-year to multi-year deals to deepen partnership ● Grossly simplify operations
<p>Continue to address current & emerging risks while creating incremental xGoogle value; be prepared for public disclosure</p>		

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- product commits? Better than expected?
- [Link](#) to source

EXHIBIT 384.R-033

Comparing programs

	GVP 1.0	GVP 2.0
Program Objective	Mitigate Play distribution risk	Incentivize joint growth
Eligibility criteria	PC/Console Devs Lifetime Revenue of IP >\$1B Play Devs: Lifetime Spend >=\$1B OR Lifetime Spend >\$200m and growing >200% YoY	PC/Console Devs Lifetime revenue of IP >\$1B Play Devs Lifetime Spend = \$1B, growing >20% OR Lifetime Spend = \$500m, growing >100%
# of developers	21	12
% of Play Spend covered	22%	18%
Google Gives	Commercial: Ads credits: 33% of eligible UAC spend, capped GCP credits - 2% of Play Consumer Spend, uncapped Comarketing - fixed allocation YouTube Presence Grants - fixed allocation eSports rights / sponsorships - fixed allocation Consultative Ads consulting, GCP consulting, Play business consulting, DevRel consulting	Commercial: Ads credits: nn% of incremental UAC spend, capped (AIP Program) GCP credits - 2% of Play Spend, uncapped Comarketing - % of Play Spend, uncapped YouTube Presence Grants - % of Play spend, uncapped eSports rights / sponsorships - % of Play spend, uncapped Consultative Ads consulting , GCP consulting, Play business and tech consulting , DevRel consulting
Google Gets	Simship, Content & Feature Parity	Simship, Content & Feature Parity SKU + Price Parity Public support for Play Partnership
% investment	3-5% of respective Play Consumer spend	3-5% of respective Play Consumer spend
Term	3 years for GCP credits, 1 year for the rest	3 years for all incentives to drive long term growth
Play Margin investment	\$nnnM over three years; \$nnM to extend 1 year incentives to three for select devs	\$nnnM over three years, \$nnM in 2021
Google Upside	\$nnnM over three years;	Estimated...

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EXHIBIT 384.R-034

We are ran an effort to examine new Play GVP capabilities against a few main criteria



Live or in-flight



Measurable incrementality



...could go into contract with developers

...and we're pursuing three main focus areas for inclusion within GVP

Google Play Points

Exclusive spotlight campaigns for GVP partners (e.g. 10x Play Points promotion) to help drive incremental spend

Battlestar

Including language specific to the adoption of Battlestar can help align B* goals with GVP developers

NBU localization incentives (bounty model)

Devs can earn incentives if they create programmatic, localized investments in under-served frontier markets that speed up buyer growth

Attorney Client Privileged & Confidential

EXHIBIT 384.R-035

Discussion

Summary

GVP 1.0 is working, has helped mitigate off-Play distribution risk and had deepened overall developer partnership with Google

Several major GVP gives expire in 2020 EOY (except for GCP) and developers are actively asking for extensions.

GVP 2.0 builds on the successes of 1.0, actively addresses gaps, and shifts goals from off-Play risk to joint growth. Extends term to three years to deepen partnerships.

Open questions

Project Runway - are there concerns about extending term to three years given Project Runway plans?

AVP - other PAs are getting wary of xPA deals - Cloud as AVP deals could have larger contra impact on them. Ads due to negative (albeit small) ROI. Is this still the right approach?

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EXHIBIT 384.R-036

Play GVP cost > Google cost by ~\$323M mainly due to Play deferrals to GCP (not reflected in GCP upside)

GCP expects to recognize this revenue upon credit utilization by developer

GVP investments summary						
\$m	2019	2020	2021	2022	2023	Total
(A) - Play view						
Cloud	\$22	\$256	\$224	\$159		\$661
Ads	\$2	\$21	\$37	43		\$103
Marketing	\$33	\$51	\$32	\$23		\$139
YT / esports	\$8	\$14	\$17	\$13		\$51
Total	\$64	\$342	\$310	\$238		\$954
(B) - Google view						
Cloud	\$0	\$120	\$64	\$38	\$34	\$256
Ads	\$7	\$83	\$52	\$43		\$185
Marketing	\$33	\$51	\$32	\$23		\$139
YT / esports	\$8	\$14	\$17	\$13		\$51
Total	\$47	\$268	\$165	\$117	\$34	\$631
Variance: (A) - (B)						
Cloud	\$22	\$136	\$160	\$121	-\$34	\$406
Ads	-\$5	-\$62	-\$15	\$0	\$0	-\$82
Total	\$17	\$74	\$145	\$121	-\$34	\$323

Average Google value created by \$1 invested in each commercial GVP offer

Ads Credits	~90c
GCP Credits	\$1.88
Comarketing	65c
YouTube	TBD

Understanding risks, there's win-win potential across partners

Proprietary + Confidential



Carriers/OEMs

Key Benefits

Brand story in high-interest vertical
Offer value for users

Risks & challenges

Non-brand, attributable metrics likely low

Key OKRs

Brand perception & PI
User loyalty
Device sales, plan activations



Google

Growth/defense of Android & Play brands
Adoption of GMS services



Developers

Incremental brand marketing
Offer value for users

Low ROI outlook for top funnel marketing programs

TAM trade-off for Android only programs

Play: brand affinity & engagement
AND: brand metrics, PI & growth
GMS: registrations & LTV

Brand awareness & affinity
User engagement & revenue

Google 38

- Reduce words.
- But developer+ partnership story first, then follow up with what it results in (and why it's good for) for the user.
- Lead with the rationale, then follow with WIP ideas.
- Add more examples of types of ideas.

EXHIBIT 384.R-039

Illustrative gaming bundle with T-Mobile offers the best of Android 1P & 3P

Top Games Bundle Offer
T-Mobile exclusive program

\$[200] off
Android Premium Phone or Plan Purchase

And get the following rewards:

 Premium <small>Free! 3 month Trial</small>	 Google Play Points <small>Instant! Gold Status</small>
 <small>Free! 500 Gems</small>	 <small>Free! 800 Roblox</small>
 <small>Free! 100 Pokeballs</small>	 <small>Free! Season Pass</small>

Marketing & Promotion Commitments

Google

- \$[5-8]M marketing investment in ATL & BTL
- Play Store featuring of promotion
- Owned marketing & comms
- Funding of all 1P & 3P content
- Funding of sales incentives & price promos

Carriers

- \$[5-8]M marketing investment match
- Premium in-store & online retail placements
- Retail training & sales incentives
- Owned marketing & comms

Developers

- In-game promotion
- Owned marketing & comms
- Game IP & content, funded by Google

Google 39

- Break up by parties (dev, carrier, google), underneath is what they contribute
- What they get out of it
- Focus Slide 7 on the user centric view
- Slide 7 on the developer centric view
- Two ideas here -- include a bunch of ideas so we aren't pigeon-holed into the presented ideas if Nick / Sameer doesn't like it.
- Set expectations with Nick / Sameer

EXHIBIT 384.R-040

Other potential bundles targeting key consumers (all TBD)

**\$[200] off
Android Premium
Phone or Plan Purchase**



Social gamers

Game or watch content with your friends with new Duo video chat & co-watching features



Free Duo with video-chat & YT co-watching integration



YouTube Premium
Free! 3 month Trial



Free!
Battle Pass +
100 Pokéballs



Free!
Power Core
Bundle



Free!
Season
Pass

Interactive sharers

Recreate your favorite MLB or Netflix moments in AR & capture custom scenes to share with friends



Free!
New AR app



Free!
New AR app

Early adopter AAA gamers

Play AAA games on-the-go, download-free with Stadia



Stadia Pro
Free! 3 month Trial



YouTube Premium
Free! 3 month Trial



Free! 3P content
offers (TBD)



Google 40

- Explore the world of The Mandalorian, interact with characters in augmented reality and capture your very own scenes to share with friends

EXHIBIT 384.R-041

GCP Impact Analysis - Summary

	Projected	Actual
		
3 year Spend commits	N/A	+\$331M Incremental
ARR acceleration	19%	39% (by 2024)
Marquee titles on GCP		9
BC Metrics		
<h3>Key Highlights</h3> <ul style="list-style-type: none"> ● 10 developers receiving GCP credits via Hug ● Hug helped sign deals with 50% of the top 10 developers collectively expected to spend \$2.6B on IT in 2021 ● Helping devs expand x-platform GCP footprint in Gaming ● Deals expected to deliver higher longer term upside to Google due to sticky nature of Cloud partnerships 		<h3>Key Learnings</h3> <ul style="list-style-type: none"> ● Allowing commits & Hug credits to coexist was crucial to close large deals ● Need to spend time thinking about nuances of Cloud ecosystem, e.g. resellers, local taxes ● Highly operational & resource intensive; need to invest in standardizing approvals and operations

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- \$Niantic - \$100M/3yr, starting in Sept 2019
- ABK - \$230/3yr, started in jan 2020
- Riot - \$20/3yr - started in jan 2020
- Netease - \$15M/3yr - started in july 2020
- [REDACTED]
- PENDING: EA \$15M , Tencent \$40M, PA - \$15-18M

EXHIBIT 384.R-042

GCP spend commit deals, including incremental attributable to Hug

- **ABK**: \$230M, 4-yr (\$221M incremental)
- **Niantic**: \$100M, 3-yr (\$40M incremental)
- [REDACTED]
- **Riot**: \$20M, 3-yr (+\$20M incremental)
- **NetEase**: \$15M, 3-yr (+\$14M incremental)
- **Netmarble**: \$18M, 3-yr (0 incremental commit, but growing 426% YoY)
- [Not closed, but negotiating]
 - **Pearl Abyss**: \$60M, 4-yr
 - **EA**: \$14M, 3-yr
 - **Tencent**: \$40M, 3-yr

TOTAL: \$428M. Incremental: \$331M

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EXHIBIT 384.R-043

The Gaming vertical has significant upside for GCP

Rank	Company	Primary Cloud	HUG?	Est. Infra TAM 2021	Est. "Next Gen" TAM 2021	GCP Bookings 2019	Est. Share of Wallet
1	ABK	onprem	y	\$454	\$114	\$0.1	0.0%
2	Electronic Arts	onprem	y	\$349	\$87	\$1.5	0.7%
3	Valve	AWS	n	\$286	\$72	\$1.1	0.7%
Top 10 Developers							
5	Bandai Namco	AWS	y	\$181	\$45	\$8.2	7.7%
6	Taketwo	AWS	n	\$170	\$42	\$1.1	1.1%
7	Epic Games	AWS	n	\$158	\$40	\$7.3	7.8%
8	Ubisoft	onprem	n	\$146	\$37	\$4.2	4.9%
9	Warner Bros	onprem	n	\$121	\$30	\$1.2	1.7%
10	Tencent	Tencent	y	\$106	\$41	\$0.2	0.2%
Total				\$2,047	\$528	\$35.9	

[Link](#)

Insights

- Top 10 developers expected to deliver **\$2.6B in IT spend in 2021**. HUG helped GCP negotiate or sign a deal with **50% of the top 10 developers**
- **First-mover advantage is critical** in the gaming, once developer migrates a game or large workload, they are likely to remain entrenched on platform
- Gaming developers have significant upside. Usually **under-commit to GCP** (up to 40-60%) due to:
 - Uncertainty about game launch timelines
 - Existing contracts with AWS and unfamiliarity with GCP
- Offering GCP commits allows developers to feel more comfortable migrating larger workloads since incentives greatly exceed other Cloud offers
- A GCP commit offers guaranteed return on HUG credits and ensures 1 or 2 large workloads will reside on GCP (~135% uplift from standard GCP discounts, ~64% uplift from HUG w/o commit)

Google Play 43

EXHIBIT 384.R-044

YouTube Impact Analysis - Summary

	Projected	Actual
 Mobile Game Watchtime	10% by 2022	12.6% in 2020 (incrementality TBD)
Creator / Upload Uplift	XX	+153% / +204%
Sentiment	XX	+ve

BC Metrics

Key Highlights	Key Learnings
<ul style="list-style-type: none"> ● Presence grants enabled positive engagement with developer on content strategy & planning ● Most developers increased their YouTube content uploads / creator engagements / YouTube presence ● Funds being used across a variety of initiatives - live events, creator academies, community days 	<ul style="list-style-type: none"> ● Longer than expected lead times, however useful foundational work and testing done with most devs ● Title popularity impacts effectiveness of funds; Riot and ABK saw decline in content creation / audience due to title popularity / age

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EXHIBIT 384.R-045

Ads Impact Analysis - Summary

	Projected	Actual
UAC YoY Growth	N/A	+20-30% Incremental
Ads Best Practice Adoption	N/A	Low SVA Adoption
SOW	N/A	+30%
BC Metrics		
<h3>Key Highlights</h3> <ul style="list-style-type: none"> ● 8 developers receiving UAC credits as part of Hug with \$34 million in credits received ● Incrementality analysis infers an aggregate revenue uplift of 20-30% (which exceeds BC expectation), increase in SoW with an average +30% across most clients post-Hug ● UAC credits delivered negative ROI of \$2m-\$7m (-0.1 ROI), though exceeded BC expectations 		
<h3>Key Learnings & 2021 Solutions</h3> <ul style="list-style-type: none"> ● Developers are increasing SOW & UAC spend, but overall ads ROI negative driven by high payout % → 2021: Adopt AIP credit model design & lower payouts to better tie credit payouts to incr. ad growth ● Guardrail of 3 qualifying use cases necessitates manual scrutiny and review to determine eligibility for credits → 2021: Simplify qualifying spend & credit release structure ● Credit deployment relies on a highly manual process (bmods) leading to bad user experience, risk of inaccurate financial reporting and inability to scale in key markets → 2021: Build new payments tool to automate credit distribution via coupons 		

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- BC assumption of uplift was equivalent to 50% of released credits (\$16M, 10% actual) - actual uplift range of \$30-\$45M (20-30%) based on analysis performed
- Note: Incrementality results obtained via 2 separate goliath analyses, and a CausalImpact analysis
- Automate credit distribution via build of new payments tool to shift from manual credit memos to automated coupons

EXHIBIT 384.R-046

Ads Incrementality Analysis - Summary (Jun-20)

Financial Summary:

- **UAC spend:** Contract to date revenue post-Hug indicates **YoY growth of +83% or \$70M** (mainly King, Riot, Netmarble)
- **SOW:** We continue to see an **increase in SoW of an average +30%** across most clients post-Hug
- **Hug Rev Uplift:** Incrementality Analysis indicates aggregate **revenue uplift of +30%** which exceeds BC expectation ¹
- **Ads ROI:** However, we are still **ROI negative** as there isn't sufficient uplift to offset the magnitude of credits. It is worth noting that the Ads ROI has improved since the Mar-20 analysis with 3 additional months of data (see next slide)

Ads Revenue Impact Range				
Uplift Scenario (% of actual)	20%	25%	30%	35%
YTD Incr. Revenue (vs. BC assumption of 50% of credits : ~\$16.8M)	\$31.0M	\$38.8M	\$46.5M	\$54.3M
ROI Gross (On served Revenue)	0.1	0.4	0.6	0.9
ROI Net² (On Rev we keep)	-0.4	-0.2	-0.1	0.1

Analysis looks at impact to Ads PA only; a xPA analysis could lead to different conclusions

¹ BC assumption of uplift was equivalent to 50% of released credits

² Calculated using the average cost to serve for King.com given they are ~75% of the total revenue

Detail on Incrementality methods and assumptions [here](#)

- Note: Based on incrementality study, ~50%, or \$44M (of the 83% growth) is attributable to Hug, with the remaining ~33% due to other factors.
- Note: King has been removed from all Activision Blizzard metrics, as they have had a Hug contract from Jul-19 (new ABK deal effective Apr-20)
- King's Hug treatment period is 12 months (Jul-19 to Jun-20), whereas Activision Blizzard's treatment period is only 3 months (Apr-20 to Jun-20)
- Consolidated ABK accounts for ~70% of credits earned, and 55% of total uplift net of credits

Ads Incrementality Analysis - Changes from Mar-20

- The total inferred uplift attributable to Hug has increased from 15% to 30%, based on the refreshed incrementality models with an additional 3 months of data (*all other variable held constant*)
- The additional uplift has improved the ROI, however, we are still ROI negative for the standalone Ads P&L

	Jun-20 (v2)	Mar-20 (v1)	Change
Avg Inferreded Uplift (% of actual)	30%	15%	15%
ROI Net (@ avg uplift %)	-0.1	-0.5	0.4
ROI (\$) (@ avg uplift %)	-\$2M	-\$8M	\$6M

- Overall payout ratios need to be reduced if want Ads to be ROI neutral, or positive under this program
 - For reference, for ads-only AIP deals, the payout range is between 1-3% (ROI 4-9x)

	Break Even ROI	ROI of 5X
% Payout - Jun-20 (30% avg uplift)	17.4%	2.9%
% Payout - Mar-20 (15% avg uplift)	8.7%	1.5%

Google 47

- Avg credit earn rate through Jun-20 was ~22% of total UAC spend (Hug was 33% on QS-only), so we still have a large gap from what we currently hold ads-only programs to

EXHIBIT 384.R-048

Summary of UAC Revenue & Credits by Developer

8 ad credit deals live; ~\$33.5M earned to date (~70% to ABK)

Developer	Months Live	Credits Allocated	Credits Earned	Rev Change Post Hug (\$)	Rev Change Post Hug (%)	Implied ROI (@ Avg Uplift)
King* (UK)	12	\$20M	\$19.9M	+\$40.1M	+73%	-0.1
NCSoft (KR)	8	\$3M	\$0.2M	+\$0.1M	+14%	-1.9
Niantic (US)	8	\$7M	\$2.4M	+\$3.7M	+68%	-0.2
Pearl Abyss (KR)	8	\$2M	\$0.7M	+\$0.9M	+25%	1.6
Aniplex (JP)	6	\$2M	\$0.2M	+\$0.2M	+37%	-0.8
Netmarble (KR)	6	\$9M	\$3.8M	+\$10.7M	+170%	0.5
Bandai Namco (JP)	5	\$2.5M	\$0.7M	+\$1.6M	+49%	0.6
Riot (US)	5	\$10M	\$2.4M	+\$10M	+100%	N/A - Net New
Activision Blizzard* (US)	3	\$35M	\$3.3M	+\$2.8M	+29%	-0.7

*New ABK deal went live 4/1/20. All ABK revenue from King is included in the King line, as they have had a Hug deal for 12 months as of Jun-20.

Google 48

- Time Period (mo) : Pre Hug = Post Hug: For example, a contract signed in Nov-19 (Niantic) is active 8 months as of Jun-20. Therefore, pre-hug revenue is Mar-19 to Oct-19 (-8 months) and post-hug revenue is Nov-11 to Jun-20 (+8 months)
- Note: King has been removed from all Activision Blizzard metrics, as they have had a Hug contract from Jul-19 (new ABK deal effective Apr-20)
- King's Hug treatment period is 12 months (Jul-19 to Jun-20), whereas Activision Blizzard's treatment period is only 3 months (Apr-20 to Jun-20)

EXHIBIT 384.R-049

[Refresher] Target Developers: GVP targeted 21 major game developers

AAA PC / Console

1. Riot
2. Activision
3. Blizzard
4. Ubisoft
5. Electronic Arts
6. Nintendo

Concentrated Mobile Majors

1. NCsoft
2. Nexon
3. Square Enix
4. Aniplex
5. Mixi
6. Pearl Abyss
7. Bandai Namco

Strategic Mobile Majors

1. Supercell
2. King
3. Niantic
4. Netmarble
5. Netease
6. Com2us
7. Tencent
8. Pokemon

GOAL 3: Improve Developer Sentiment

Reminder: pre-GVP, several GVP devs expressed concern towards their partnership with Play & Google



EXHIBIT 384.R-051

GOAL 3: Improve Developer Sentiment

Post-GVP, conversations shifted from Play's rev share to value creation with Google; developers deepened partnerships with Play

Reduced Commercial Pressure

(Developers no longer vocally agitating, or asking for rev share cuts)

Pre GVP



Post GVP



Improved Play Partnerships

(Developers partnering deeply with Play on strategic initiatives)

Pre GVP



Post GVP



NO new inquiries on revenue share from developers who signed GVP¹

Developers focused their growth efforts on Play

Riot launched on Play in recognition of the xGoogle value

ABK, Niantic, [REDACTED]

Developers improved Play partnership with increased participation in Play growth consulting, pilot etc

GVP deepened Play relationships with previously cautious developers like Netmarble, ABK, Aniplex

NCSOFT partnered on Play's PC gaming strategy

¹ Supercell who has not signed GVP is the only remaining rev share agitator

We learnt a lot while rolling out GVP; will help inform our strategy as we plan for GVP 2.0

We expect to continue to negotiate complex & custom xPA deals

Deals have taken 4-12+ months to sign

Mix of deal structures, xPA P&L impact and manual operations led to complexity

Explore ways to generate maximum returns by sharing maximum value

Most GVP deals signed in Q2-Q3 2020; all non GCP commercial offers expire in 2020

Limited ability for developers to leverage entire amounts

We would like to incentivize incremental Play growth via GVP

GVP goalposts are shifting from simship to driving growth; GVP 1.0 was not set up to drive growth

We will drive attributable Play upside - link incentives to growth, include Play "service packs"

Need to address xPA P&L issues to avoid implications on "good for Google" deals

GCP commit bundles created P&L issues for Play (AVP deals created similar issues for GCP)

esports (esp ABK) compounded P&L impact

We need your help to resolve

DRAFT

- Program - results - roi external - roi internal - sentiment tracker

EXHIBIT 384.R-053

GOOG-PLAY-004146741.R

Key priorities for designing GVP 2.0

Focus on upside & ROI - for Play and rest of Google

Streamline multi year deals

Simplify xPA operations & budgeting

GVP 2.0 should create long term xGoogle upside with Play's Enterprise developers

Prep for potential public release

DRAFT

EXHIBIT 384.R-054

GVP's objectives remain similar, with increased focus on

Prioritize Play Users

Create Google Value

Improve developer sentiment

Google Gets	Prioritize Play Users		Create Google Value		Improve developer sentiment	
	Existing	New	Existing	New	Existing	New
Google Gives	Existing	<ul style="list-style-type: none"> Ship all titles Maintain Content & Feature Parity 	<ul style="list-style-type: none"> Adopt/Grow on Google Cloud¹ Adopt/Grow on Google UAC¹ Create O&O content on YouTube¹ 		<ul style="list-style-type: none"> Deepen/Improve xGoogle partnerships 	
	New	<ul style="list-style-type: none"> SKU Parity Price Parity (if needed) 	<ul style="list-style-type: none"> Invest in Google's strategic products 		<ul style="list-style-type: none"> Public support for Play Partnership Value 	
Google Gives	Existing	<ul style="list-style-type: none"> Distribution support (store featuring) 	<ul style="list-style-type: none"> GCP credits & Consultations UAC credits & Consultations YouTube Presence & esports Grants 		<ul style="list-style-type: none"> Play Growth Consulting DevRel Consulting 	
	New	<ul style="list-style-type: none"> Multi-year Incentives 	<ul style="list-style-type: none"> Play promotions support Play Loyalty investments 		<ul style="list-style-type: none"> Play Technical Consulting Play Market Consulting 	

¹ No minimum spend commitments required

DRAFT

EXHIBIT 384.R-055

<WIP - Updated service packs creating improved xGoogle value>

Build & Test	Launch & Grow	User Acquisition	Community Development
GCP credits GCP consultations DevRel consultations	Store featuring Play Comarketing Play growth consulting YT Influencers	Ad Credits Ad consultations	YT channel growth Esports sponsorships Esports events
Build & Test	Launch	Acquire & Grow	Community Development
GCP credits GCP consultations DevRel Consultations Play Tech consulting	Store featuring Play Comarketing Play Growth Consulting YT Influencers Go Global Support	UAC credits via AIP Play Promotion support Play Loyalty promos Carrier Partnerships Go Global support	Esports events Esports sponsorships YT channel growth Project Ally for uplift attribution

New in GVP 2.0

DRAFT⁵⁵

EXHIBIT 384.R-056

		GVP 1.0	GVP 2.0 (proposed)
Program Setup	Eligibility criteria	<u>AAA Devs:</u> - Own IP with lifetime revenue >\$1B <u>Play Devs:</u> - Lifetime Spend = \$1 Billion OR - Lifetime Spend = \$200m, growing >200%	<u>AAA Devs:</u> - Own IP with lifetime revenue >\$1B <u>Play Devs:</u> - Lifetime Spend = \$1 Billion, growing >20% OR - Lifetime Spend = \$500m, growing >100%
	# of developers	21	11
	% of Play Spend covered	22%	18%
Program Framework	Program Objective	Mitigate Play distribution risk	
	Google Gives	<u>Commercial:</u> - Ads credits - GCP credits - Comarketing - YouTube Presence Grants - esports rights / sponsorships / events <u>Non commercial:</u> Ads consulting, GCP consulting, Play growth consulting, DevRel consulting	<u>Incentive structure:</u> Fixed Allocations % of Play Spend Fixed Allocations Fixed Allocations Fixed Allocations <u>Commercial:</u> - Ads credits - GCP credits - Comarketing - YouTube Presence Grants - esports rights / sponsorships / events <u>Non commercial:</u> Ads consulting, GCP consulting, Play growth consulting, DevRel consulting, Play Technical consulting
Google Gets		Simship Content & Feature Parity	GVP 1.0 gets, plus SKU + Price Parity Invest in Google's strategic products (eg Battlestar) Public support for Play Partnership
Program Financials	Play % reinvested	3-5% (average)	3-5% (average)

GVP 1.0 is ROI positive even without \$1.8B Play risk mitigation; outsized ABK investments diluted overall returns. 7/18 deals are positive, 3 more likely to be.

(All numbers in \$ millions)	Based on deals approved/closed as of 06/20					
	Ads margin uplift	Cloud Margin uplift	Play Margin Uplift	GVP investments	Incremental Google Margin	Potential GCP commits
Developer	2019-2023	2019-2024	2019-2022	2019-2023	2019-2024	
ABK	\$140	\$192		-\$354	-\$22	
Niantic, Inc.	\$7	\$77		-\$12	\$73	\$80
Netmarble	\$18	\$35		-\$26	\$27	In progress
	Not offered UAC credits	\$38		-\$16	\$22	
Aniplex Inc.	\$1	\$31		-\$10	\$21	
Pearl Abyss	\$2	\$15		-\$5	\$12	
Com2uS	Not offered UAC credits	\$14		-\$7	\$7	
mixi, Inc.		\$16		-\$14	\$2	
Riot Games, Inc	\$12	\$18	Play margin mitigation	-\$31	-\$1	
Electronic Arts Inc		\$4		-\$5	-\$1	\$14
The Pokemon Company	Not offered UAC credits			-\$1	-\$1	
Ubisoft Entertainment		\$3		-\$5	-\$2	
Netease games		\$10		-\$16	-\$7	\$15
NEXON Company		\$0		-\$8	-\$8	In progress
BANDAI NAMCO Entertainment Inc.	\$7	\$2		-\$19	-\$11	
Tencent Games	\$38	\$27		-\$81	-\$17	
NCSOFT	\$0	\$0		-\$21	-\$20	\$75
SQUARE ENIX Co.,Ltd.						
Supercell						
Total	\$225	\$480		-\$631	\$75	\$184
			Not yet signed GVP			
			Unlikely to sign GVP			

Program ROI positive even without \$1.8B Play risk mitigation

Comarketing investments of ~\$142M (over 2019-2024) expected to recoupe ~35% of value not reflected in ROI

NCSoft, EA, Netease expected to sign incremental GCP commits (~\$100M) and turn ROI +ve

\$160m esports investment with ABK's adversely impacted ABK and program ROI

1 Ads has attributed GVP margin upside for the duration of the credits (2020 for most devs, 3 years for ABK, Tencent) @15% of UAC margin uplift in 2019, and 30% thereafter

2 GCP has attributed GVP margin upside until 2024, due to commits secured via GVP, as well as long term nature of GCP partnerships

3 We are evaluating upside driven by Comarketing; while ROI is not +ve, we have recouped X% of comarketing investments which do not reflect in the chart above

GVP 2.0 Context & Summary: Build on GVP 1.0 success, address gaps & focus on joint growth

Build on GVP 1.0 success, address gaps	Focus on joint growth, address Play revenue risk	Continue to improve sentiment
<ul style="list-style-type: none"> ● Double down on GCP credits ● Refine Ads credits offer to address ROI gap ● Bolster consults, Play-YT engagement, features ● Leverage investment in Play Points, Promos ● Grossly simplify operations ● Address xPA accounting 	<ul style="list-style-type: none"> ● Shift GVP goalposts from simship to joint growth, as risk shifts from off-Play distribution to payments ● Drive joint business growth by aligning incentives with growth targets ● Support Android/Play platform growth by including product integrations requirements 	<ul style="list-style-type: none"> ● Expand from 1-year to multi-year deals to deepen partnership
<p>Shift focus from risk mitigation to joint growth & ROI, from launch on Play to enterprise deals across Google. Be prepared for public disclosure</p>		

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- product commits? Better than expected?
- [Link](#) to source

EXHIBIT 384.R-059

BC narrative

You approved GVP in April 2019; since then we have signed up 19/21 target devs; GVP met GVP's its objectives and success metrics

GVP approved in April 2019

GVP met its objectives

GVP exceeded most success metrics

GVP created xGoogle value; developer sentiment improved, leading to better than expected risk mitigation; however, risk goalpost shifting from distribution to payments

Developers improved sentiment & deepened xGoogle relationships

GVP mitigated more than expected risk

Risk definition is now evolving to off Play payments

Proposal: 1. expand & pivot GVP to an enterprise game-dev program 2. link incentives to Google upside 3. secure SKU and/or Price parity to address Play payments risk

Offer GVP to enterprise game developers

Link incentives to Google upside; fix service packs to anchor on ROI

Address Play payments risk by securing SKU and Price parity

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EXHIBIT 384.R-064

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GOOG-PLAY-004146752.R

	Deal structure option 1	Deal structure option 2	Deal structure option 3 (R)
Description	All incentives linked to performance <ul style="list-style-type: none"> ● GCP credits: % of Play spend ● Ads credits: % of Ads spend ● YouTube: % of Play spend ● Comarketing: % of Play spend ● Esports: % of Play spend 	"Unlock" incentives w/ Spend growth <p>Base offer:</p> <ul style="list-style-type: none"> ● GCP credits: % of Play spend ● Ads credits: % of Ads spend <p>Unlocked via custom Spend targets:</p> <ul style="list-style-type: none"> ● *YouTube: % of Play spend ● *Comarketing: % of Play spend ● *Esports: % of Play spend <p><small>*invested in advance, but clawed back if Spend targets are missed</small></p>	Increased investments w/ Spend growth <p>Base offer:</p> <ul style="list-style-type: none"> ● GCP credits: % of Play spend ● Ads credits: % of Ads spend ● \$X of Spend in comarketing, YouTube etc. <p>Additional investments in comarketing, YouTube etc (capped at \$Y) on hitting consumer Spend targets, available following year</p>
Pros	<ul style="list-style-type: none"> ● Links incentives to performance ● Easier operationally 	<ul style="list-style-type: none"> ● Easier growth attribution 	<ul style="list-style-type: none"> ● Easier growth attribution ● Maintains dev sentiment
Cons	<ul style="list-style-type: none"> ● Growth attribution unclear 	<ul style="list-style-type: none"> ● Long negotiation times may impact dev sentiment ● Operationally complex 	<ul style="list-style-type: none"> ● Long negotiation times may impact dev sentiment ● Operationally complex

Examples

	Deal structure option 1	Deal structure option 2	Deal structure option 3 (R)
Description	<ul style="list-style-type: none"> ● GCP @2% of Play spend ● Ads @X% of UAC spend ● A% in comarketing ● B% in YT ● C% in esports 	<p>GCP @2% of Play spend UAC @ X% of Play spend</p> <p>If dev hits Consumer spend of \$Y in 2021, they additionally get:</p> <ul style="list-style-type: none"> ● \$A in comarketing ● \$B in YT ● \$C in esports <p>A,B,C may be invested in advance, but clawed back if Spend targets are missed</p>	<p>GCP credits: 2% of Play spend Ads credits: X% of Ads spend \$A in comarketing \$B in YT \$C in esports</p> <p>If dev hits Consumer spend of \$Y in 2021, they additionally get:</p> <ul style="list-style-type: none"> ● \$A+ in comarketing ● \$B+ in YT ● \$C+ in esports <p>A+, B+, C+ will be available to use next year</p>

GVP 2.0: Build on GVP 1.0 success, address gaps & focus on joint growth

Build on GVP 1.0 success, address gaps	Focus on joint growth, address Play revenue risk	Continue to improve sentiment
<ul style="list-style-type: none"> ● Double down on GCP credits ● Refine Ads credits offer to address ROI gap ● Bolster consults, Play-YT engagement, features ● Leverage investment in Play Points, Promos ● Grossly simplify operations ● Address xPA accounting 	<ul style="list-style-type: none"> ● Evolve GVP goals beyond simship to also focus on joint growth, as risk shifts from off-Play distribution to payments ● Drive joint business growth by aligning incentives with growth targets ● Support Android/Play platform growth by including product integration requirements 	<ul style="list-style-type: none"> ● Expand from 1-year to multi-year deals to deepen partnership
<p>Expand focus from risk mitigation to joint growth & ROI, from launch on Play to enterprise deals across Google. Be prepared for public disclosure</p>		

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- product commits? Better than expected?
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Build on GVP 1.0 success by expanding Developer reach & focusing on joint growth

Implement Learnings from GVP 1.0	Continue to foster Developer Retention	Double down on Joint Growth areas
<ul style="list-style-type: none"> ● Address ROI gap in Ads offer ● Bolster consults, Play-YT engagement, features ● Simplify operations ● Expand from 1-year to multi-year deals to deepen partnership 	<ul style="list-style-type: none"> ● Keep leveraging GVP to address continuing top developer concerns ● Evolve GVP goals beyond simship to also focus on joint growth, as risk evolves from off-Play distribution to payments 	<ul style="list-style-type: none"> ● Double down on GCP credits ● Drive joint growth by aligning incentives with growth targets ● Support Android/Play platform growth by including product integration requirements ● Leverage investment in Play Points, Promos ● Continue to improve sentiment

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- product commits? Better than expected?
- [Link](#) to source

EXHIBIT 384.R-068

Slide 67

3 This is too vague I'm not sure what you're trying to convey... do you mean:
Utilize GVP partnership to address continuing top developer concerns
Danielle Martinak, 2/4/2021

7 Something like this also leads nicely into the next slide that intros new developers
Danielle Martinak, 2/4/2021

4 Karan Gambhir@google.com
Took a stab at this slide. Reshuffled/reorganized a bit.
We can discuss tomorrow.
Danielle Martinak, 2/4/2021

2 (just reconciling with the previous success slide that highlights margin improvements for Ads)
Danielle Martinak, 2/4/2021

5 I'm being extra careful with wording here (it's risk)
Danielle Martinak, 2/4/2021

6 But also Divya's wording is pretty clever. As we want to retain Developers using our services aka billing platform.
Danielle Martinak, 2/4/2021

1 How come Ads has great margins but negative ROI
Danielle Martinak, 2/4/2021

1 They reevaluated... earlier breakeven was calculated as 20%, but has been revised to 10% (breakeven is now defined at 10% in credits).
Also, the ROI is based on "incremental" growth minus cost of credits, so while margins overall are great, cost of credits largely balances out incremental growth
Karan Gambhir, 2/4/2021

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